

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 DODE-00 NSAE-00 RSC-01 TRSE-00

AEC-11 CIAE-00 COME-00 MC-02 ACDA-19 OMB-01 PM-07 ?

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 0057

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INFO JUSMAG

C O N F I D E N T I A L MANILA 14351

E.O. 11652: GDS

TAGS: MASS, BEXP, RP

SUBJECT: PHILIPPINE RIFLE MANUFACTURING PROJECT

REF: A. MANILA 10627

B. USHER LETTER TO AMBASSADOR DATED DEC. 14, 1973

1. IN LIGHT VARIOUS AGENCY INTERESTS AND CONCERNS AS EXPRESSED IN ENCLOSURES REF B, MEMBERS OF COUNTRY TEAM HAVE REVIEWED M-16 PROJECT APPRAISAL REF A, AND WISH TO SUBMIT FOLLOWING UPDATED COMMENTS AND RECOMMENDATIONS:

A. M-16 PRODUCTION FOR EXPORT. NUMBER AGENCIES RECOMMEND THAT THIS FEATURE OF PROPOSAL BE DROPPED DUE BOTH TO INCONSISTENCY WITH FMS RULES AND ESSENTIAL LACK GERMANENESS TO MAIN PURPOSE PROJECT. COUNTRY TEAM AGREES, AND BELIEVES THIS CHANGE WILL BE ACCEPTABLE TO GOP, IF MAIN PROJECT APPROVED.

B. FORCE LEVELS - AFP STRENGTH ESTIMATES AND RIFLE REQUIREMENTS PRESENTED IN PARA 19 OF REF (A) REMAIN VALID FOR THE ACTIVE FORCES; HOWEVER, ON BASIS OF JUSMAG STUDY COMPLETED IN OCTOBER, THE FOLLOWING ADDITIONAL INFORMATION IS PROVIDED ON THE RESERVE
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FORCE: PRESENT AFP RESERVE STRENGTH IS NOW 597,810

MEN AND THE ULTIMATE GOAL IS A RESERVE FORCE OF 1.47 MILLION. AFP PLANNING ENVISIONS A RIFLE STOCKPILE TO EQUIP 30 PERCENT OF MOBILIZABLE RESERVES. THIS FIGURE, APPLIED TO PRESENT RESERVE FORCE, RESULTS IN A REQUIREMENT FOR 179,343 RIFLES. ANALYSIS INCLUDED REFTEL REFLECTED A SHORTFALL OF 12,618 RIFLES (ASSUMING SPARES COUNTED AS 22,500 RIFLES). BASED ON UPDATED RESERVE FORCE DATA, CURRENT MILITARY RIFLE SHORTFALL, IF M-16 PROJECT CARRIED OUT WITHOUT EXPORT COMPONENT, WOULD BE 43,961 UNITS. TO A CERTAIN EXTENT, SHORTFALL REQUIREMENTS WILL BE SATISFIED WITH OBSOLETE WWII WEAPONS, AS THE M-16 PROJECT IS NOT CONSIDERED AND OBVIOUSLY CANNOT BE AN INSTANT RESPONSE TO ALL SUCH WEAPON REQUIREMENTS. THESE FIGURES WOULD CONTEMPLATE NO REPEAT NO SUPPORT OF LOCAL POLICE REQUIREMENTS FROM PROJECT AS PROPOSED.

(C) ECONOMICS OF PROJECT - ECONOMIC JUSTIFICATION
CONTENDED MANILA 10627 IS WELL AUGMENTED BY DEPARTMENT'S EB/ITD ANALYSIS, WHICH BASED PARTIALLY ON DATA NOT READILY AVAILABLE TO US. THIS ANALYSIS CONCLUDES THAT THE M-16 PROGRAM WOULD HAVE A FAVORABLE IMPACT ON THE U.S. BALANCE OF PAYMENTS, ON DOMESTIC PRODUCTION AND ON DOMESTIC EMPLOYMENT. WE HOPE THIS PAPER WILL HAVE RECEIVED GENERAL REVIEW BY ALL AGENCIES CONCERNED, BUT WE WISH ADD FOLLOWING POINTS:

(1) THE ARGUMENT THAT GOP INTENDS SATISFY SMALL ARMS NEEDS THROUGH INDIGENOUS PRODUCTION CANNOT BE LIGHTLY DISMISSED. UNDER PRESENT REGIME WE WITNESSING GROWING INDEPENDENCE OF WEAPONS PROCUREMENT

DECISIONS OF WHICH RIFLE PROJECT IS ONLY EARLY EXAMPLE. WITHOUT REPEATING THE MAP-RELATED POLITICAL AND BASE-RENTAL ISSUES ON WHICH WASHINGTON AGENCIES SEEM ESSENTIALLY AGREED, WE MUST REPEAT THAT THE CLEAR U.S. CHOICES ARE TO BENEFIT BY HELPING GOP IMPLEMENT THIS PROJECT OR TO LOSE BENEFITS, ACTUAL AND PSYCHOLOGICAL, BY LEAVING PROJECT TO SOMEONE ELSE.

(2) THE PRODUCTION ECONOMICS OF THE PROJECT,
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IN MISSION APPRAISAL, DID NOT INCLUDE THE EXPORT PROPOSAL PRIMARILY BECAUSE AN EARLY PROSPECT OF EXPORTS WAS CONSIDERED REMOTE. IT SHOULD BE NOTED THAT COLT COSTING AND CONTRACT FINANCING BOTH ARE BASED ON THE 172,500 UNIT PROPOSAL, WHICH IS EXCLUSIVE OF THE EXPORT COMPONENT, BUT PROVIDES FOR SPARE PARTS.

2. WE CONCLUDE THAT PROJECT AS REVISED TO EXCLUDE

EXPORTS WILL BE ACCEPTABLE TO GOP BECAUSE IT WILL PROVIDE A STOCK OF WEAPONS REASONABLY IN LINE WITH CURRENTLY PLANNED ACTIVE AND RESERVE FORCE LEVELS. THE PRODUCTION ECONOMICS AND THE TRADE AND PAYMENTS BENEFITS OF THE PROJECT TO THE US REMAIN VALID AS OUTLINED REF A AND AS DISCUSSED IN EB PAPER.

3. RUNNING THROUGH THE VARIOUS INTERDEPARTMENTAL COMMENTS ATTACHED TO USHER LETTER THERE APPEARS TO BE AN ABSENCE OF APPRECIATION FOR THE FACT THAT THE CURRENT STRENGTH OF FILIPINO GROUND FORCES AND AVAILABILITY OF ARMED MOBILIZABLE RESERVE IS RIDICULOUSLY SMALL FOR ANY COUNTRY SERIOUSLY CONCERNED WITH ITS OWN MILITARY SECURITY. TO SUGGEST, AS SOME OF THE COMMENTS IMPLY, THAT THE PHILIPPINES SHOULD CONTINUE INDEFINITELY WITH ARMED FORCES OF SOME 60,000 OUT OF A TOTAL POPULATION WHICH IS APPROXIMATELY FORTY MILLION, IS TO EVADE THE REALITIES OF THE GROUND DEFENSE POSTURE FOR OUR ASIAN ALLIES IMPLICIT IN THE NIXON DOCTRINE. THE FIGURES IN PARAGRAPH 1B ABOVE MAY COME, THEREFORE, AS A SURPRISE TO SOME WASHINGTON OBSERVERS. HOWEVER, A STOCK OF 180,000 RIFLES IN RESERVE FOR THE FIFTEENTH MOST POPULOUS NATION IN THE WORLD IS, IN OUR JUDGMENT, ENTIRELY APPROPRIATE.

4. WE RECOMMEND THEREFORE THAT PROJECT BE APPROVED FOR FMS FINANCING BEGINNING IN 1974, SUBJECT TO DELETION OF THE EXPORT PROPOSAL. ONCE APPROVED IN THIS FORM, WE PROPOSE TO SEEK NECESSARY MODIFICATION FROM GOP.
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